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## KATHLEEN VINEHOUT

### STATE SENATOR

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**Testimony in Support of SB 220- Stockholm Premier Resort Area  
Senate Committee on Workforce Development, Small Business, and Tourism  
Wednesday, February 22, 2012**

At the request of the village of Stockholm and the Stockholm Merchants Association, I introduced Senate Bill 220 with Rep. Chris Danou. The bill authorizes the village to declare itself a premier resort area via public referendum. Stockholm is a beautiful and vibrant small community with spectacular views of Lake Pepin. The village has worked hard to develop itself as a top destination for fine dining, arts and crafts, antiques, handmade furniture and unique clothing. *Travel Wisconsin* rated Stockholm as one of the top five shopping destinations in Wisconsin.

While visitors are naturally drawn to Stockholm's natural beauty, the small village struggles to maintain the infrastructure necessary to maintain a tourism-based economy. The village currently needs to repair or replace a bridge, a culvert, a street leading to a historic landmark and a drainage ditch running through the commercial district. These improvements are much needed, but difficult to finance with a population of 97 people.

The Stockholm Merchants Association and the Stockholm Village Board contacted me with an idea to authorize the village to declare itself a premier resort area. Under current law a political subdivision may, by ordinance, declare itself a premier resort area if at least 40% of the equalized value of the taxable property within the subdivision is related to tourism.

Stockholm does not meet the 40% requirement. However, the state has exempted similar municipalities. The City of Bayfield was exempted from the equalized value requirement in 2001. The City of Eagle River was exempted in 2006.

Senate Bill 526 exempts the Village of Stockholm from the 40% of equalized value threshold. The bill also provides that to be enacted, the premier resort tax must be approved by a majority of electors at referendum.

This bill gives Stockholm an addition resource to reinvest in the infrastructure that supports their main industry without instituting a general sales tax increase. Additionally, the bill gives the residents of Stockholm a direct say in whether or not they wish to institute the 0.05% tax on tourism related goods and services.

## Senate Bill 220

### Request for Premier Resort Area Tax status for Stockholm, Wisconsin

The Premier Resort Area Tax is a local sales tax authorized by the Wisconsin Legislature in 1997 and is administered by the Wisconsin Department of Revenue. The tax provides heavily touristed communities additional revenue to promote tourism and to cover infrastructure demands related to high tourist traffic.

The 4 communities that are currently collecting this tax are Bayfield, Wisconsin Dells, Lake Delton, and Eagle River. We ask that the Village of Stockholm be allowed to utilize this tax as well.

The Village of Stockholm is located on the wide spot on the Mississippi River known as Lake Pepin. With a year round population of 66 it hosts a large number of visiting guests during much of the year. It's small town charm, uniquely beautiful setting and proximity to Minneapolis St Paul and Rochester Minnesota have made it a major day trip and weekend destination with approximately 3 million people with in a two hour window of Stockholm. During peak events we welcome as many as five thousand to ten thousand visitors a day.

This influx of guests to the village creates an economic engine that has fueled not only job growth but stability as well, with virtually all commercial space filled in the village. The benefits of such vibrancy come with its costs. Stockholm is the smallest incorporated municipality in the state and serving the guests to our community does puts a strain on our already limited budget and infrastructure. Our goal as a community is to create such a positive environment for our guests that they continue to return and to bring their friends – and an estimated 80+% of which are from out of state -spending there tourism dollars here in Wisconsin.

There are so many positive things that could be accomplished with the funding provided by the Premier Resort designation. Public restrooms for our guests – in a village that does not have city sewer or water, that has become a true challenge. Continued beautification of our streetscapes, funding for safety measures for our pedestrian guests, strengthen the appeal and services of our riverside park and campground are just a few of the important things that could be accomplished.

The merchants of Stockholm have worked hard to create a world class destination in one of the most beautiful spots in America. With your help we can keep it strong and growing.

Dear Members of the Committee on Workforce Development, Small Business, and Tourism;

We, the members of the Stockholm Merchants Association, are very pleased that your Committee has agreed to consider Assembly bill 220 which would grant Stockholm, Wisconsin the Premier Resort Area Tax status. The Stockholm Merchants Association and its 30 members support the initiative completely and we are very excited about the opportunities that will be created by your support.

Stockholm has become a major Midwestern destination, drawing tourists heavily from Minnesota, and also from Iowa, Illinois, and Wisconsin. Our tiny village has also become a major attraction for a large number of foreign tourists from Scandinavia. This has not happened by chance; with strong support from the Department of Tourism, creative marketing and well-choreographed planning among the members of the Association, we have achieved a level of tourism awareness and participation far beyond what could be dreamed of by a tiny village.

Tourism is virtually the only industry in Stockholm and employs more than 70 people in full or part time capacities. 100% of the retail space within the village is in use and our success is fostering growth in the neighboring communities as well. This is quite an exceptional accomplishment from a village of 66 people, the smallest incorporated municipality in Wisconsin, in the smallest county in the state.

Below please find a few of the things that have been said about Stockholm in recent years.

- "Best Fall Drives in the Midwest" *Minnesota Monthly*
- "One of 10 Fantastic Towns for Fall Color in the USA " *Yahoo Travel*
- "One of the Top Five Small Town Getaways" *Midwest Living*
- "This itty-bitty village is a jewel in the diadem of towns along the Great River Road." *Wisconsin Trails*
- "You can tool around town on free blue bikes available for visitors or take advantage of some of the best boutique and antique shopping in the state." *Smarter Travel*
- "Stockholm is the belle of the ball. I look forward to getting to Stockholm all year. " *Lavender Magazine*
- "Lake Pepin perfection: Fall is the perfect time to explore the bluff-top views, eclectic art galleries, and delicious restaurants along Wisconsin's great river road" *Minneapolis St Paul Magazine*
- "Some of the best scenery and shopping this side of the Mall of America" *Budget Travel*

As Stockholm has grown in stature as a destination, so have the demands on our tiny village grown. The Premier Resort Area Tax designation would create a means for our village to wisely build on its success and keep tourism as a vibrant, viable economic engine for the region.

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# **Stockholm, Wisconsin, USA**

**Population: 66**

**Estimated sales from tourism in the village: \$2.25 million in 2011**

## ***Types of Business:***

Art Galleries, Antique Stores, Café's, Bakeries, bookstores and other various boutiques. There are 30 businesses in the village and all available structures in the business district are occupied with approximately 80% owner occupied. All business are 100% tourism related. No essential service providers, i.e. gas stations, banks, grocery, etc. All dollars spent in the village are non-essential, discretionary spending.

## ***Market:***

Approximately 75% of the tourism dollars spent in the village is out of state dollars, primarily from Minnesota residents. We offer hospitality to between 1000 and 5000 guests per day, depending on the day of the week and time of year. Although seasonal, the tourism season in Stockholm starts in Mid-March and continues through early December, a significantly longer season than many destinations.

## ***Challenges:***

Due to a vibrant retail, food and fine art scene, close proximity to the Twin Cities and dedicated and well organized merchant marketing tourism visits to the village have increased dramatically in the last five years. Our village park, roads, sidewalks and other infrastructure are heavily used and important guest retention issues, such as public bathrooms and pedestrian and vehicular safety are among some of the challenges faced by the community. Maintaining and enhancing these items are needed for sustained job growth and economic competitiveness with similar destinations such as Stillwater, MN and Lanesboro, MN. Tourism is the village's only industry and has become a significant economic engine for the region.